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INFORMATION REPORT

CD NO. 25X1A

COUNTRY Czechoslovakia

SEP 19 1 37 PM '49

DATE DISTR. 20 SEP 49

SUBJECT Export Difficulties of KOVO

NO. OF PAGES 2

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25X1C

PLACE ACQUIRED [REDACTED]

DATE OF INFO [REDACTED]

This document is hereby regraded to CONFIDENTIAL in accordance with letter of 23 October 1973 from the Director of Central Intelligence to the Archivist of the United States. Next Review Date: 2008

NO OF ENCLS. (LISTED BELOW)

SUPPLEMENT TO REPORT NO. [REDACTED]

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1. The Czechoslovak machine tool industry is having trouble selling its products. Export targets of machine tools have been achieved only by 63 percent. Difficulties have been encountered in selling goods to the Eastern Zone of Germany, the Iron Curtain countries, the South American countries [REDACTED]

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2. High prices, poor propaganda, and a lack of forceful salesmanship are blamed by the report for the failure of Czech products to meet foreign competition. Western countries undersell the Czechs by as much as 75 percent on some items, the report continues, and recommends price cuts on all products.

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3. Fear is expressed that even in Yugoslavia, Rumania, and Bulgaria the markets will be lost to German [REDACTED] and Italian competition because the Czechs do not meet delivery dates and their advertising and selling methods are not aggressive. To forestall this, the report advises that stock piles of machinery be built up in these countries, that machines be standardized, and that price catalogues be translated and issued promptly.

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4. Reluctance on the part of Western European and South American countries to issue import licenses for Czech machinery accounts for the poor sales records in those countries.

5. Administrative difficulties are encountered because the export target in 1949 is 250 percent greater than in 1948; these administrative difficulties hinder the export schedule. The

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plan for 1949 calls for exports totalling 160 million Kcs, compared with the 1948 target of 70 million Kcs. Invoices amounting to 34 million Kcs were shipped during the first four months of this year, whereas 7 million Kcs worth of machines were shipped during the same period of 1948.

6. Production figures are running behind schedule because the needs of the domestic market were not figured in the production schedules until the end of 1948 in spite of the fact that the original export production plan was drawn up in August of 1948. In trying to work the domestic production into the export production schedules the planners succeeded only in creating bottlenecks in both phases. Individual firms refused to stick to the specified targets because they are unable to meet the demands of the home market and the result is that the export plan is seriously threatened.
7. Shortages of raw materials, in addition to the lagging production, account for delays in shipments which necessitate extensions of letters of credit. The report cites as instances shipments from the Skoda Works of thread cutting tools, dies, and lathes scheduled for Poland and Yugoslavia which have been held up and which have given rise to strong protests by the two countries. The Poles have threatened to terminate business with KOVO. A shipment of unspecified goods valued at 58,000 Kcs from Strajc and Nosek, which was to have been delivered to Yugoslavia by 31 December 1948, had not been shipped when the report was written.
8. The report recommends that stainless steel slide rules and 18 percent wolfram steel cutting instruments be manufactured to meet foreign competition in this field.
9. All export licenses expired on 31 March 1949 by government order having been superseded by a new type "Export Declarations".

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 DDA Memo. 4 Apr 77
 Date: 22 May 78 By: []

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